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10 Attorneys for Defendants 1850 Bryant Land LLC,
11 Christopher Paul Foley and Douglas Ross

12 UNITED STATES DISTRICT COURT

13 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION
14

15 UNITED STATES OF AMERICA, *ex rel.*
16 LEIASA BECKHAM, and STATE OF
CALIFORNIA, *ex rel.* LEIASA BECKHAM,

17 Plaintiff,

18 vs.

19 1850 BRYANT LAND LLC, KASLOFSKY
20 & ASSOCIATES LLC, THURSTON
KASLOFSKY, CHRISTOPHER PAUL
21 FOLEY, DOUGLAS ROSS, SAN
FRANCISCO COMMUNITY INVESTMENT
22 FUND, CITY AND COUNTY OF SAN
FRANCISCO, and NAOMI KELLY,

23 Defendant.
24

Case No. 3:21-cv-05742-RS
Hon. Richard Seeborg

**DECLARATION OF ANDREW S.
ELLIOTT IN SUPPORT OF MOTION
FOR SANCTIONS PURSUANT TO
FEDERAL RULE OF CIVIL
PROCEDURE 11**

Date: January 12, 2023
Time: 1:30 p.m.
Ctmm: 3 (17th Floor)
450 Golden Gate Avenue
San Francisco, CA 94102

1 I, Andrew S. Elliott, declare:

2 1. I am an attorney admitted to practice before this Court. I am a member of Severson
3 & Werson, a Professional Corporation, attorneys for Defendants 1850 Bryant Land LLC,
4 Christopher Paul Foley and Douglas Ross (collectively, “Bryant Land”) in this action.

5 2. I make this declaration in support of Bryant Land’s Motion for Sanctions pursuant
6 to Rule 11 of the Federal Rules of Civil Procedure (the “Motion for Sanctions”). I have personal
7 knowledge of the matters set forth in this declaration, and if called upon to do so, I could and
8 would testify competently to same.

9 3. On November 8, 2022, I caused my office to serve a copy of Bryant Land’s Motion
10 for Sanctions on all counsel for Plaintiff-Relator Leiasa Beckham in this action—William K.
11 Hanagami, Esq., Byron T. Ball, Esq., and Gregory J. Morrow, Esq.—via email. A copy of the
12 Motion for Sanctions that was served on counsel is attached hereto as Exhibit A.

13
14 I declare under penalty of perjury under the laws of the United States that the foregoing is
15 true and correct. This declaration was executed on November 8, 2022, in San Francisco,
16 California.

17
18 s/ Andrew S. Elliott
19 Andrew S. Elliott
20
21
22
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27
28

Exhibit A



Andrew S. Elliott
Attorney
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November 8, 2022

Via Electronic Mail (copy to follow via U.S. Mail)

William K. Hanagami
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Byron T. Ball
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btb@balllawllp.com

Re: *Leiasa Beckham ex rel. v. 1850 Bryant Land LLC, et al.*
USDC, NDCA Case No. 3:21-cv-05742-RS

Dear Counsel:

I am writing on behalf of my clients 1850 Bryant Land LLC, Christopher Paul Foley, and Douglas Ross (“Bryant Land”) concerning the First Amended Complaint (“FAC”) filed in this Action. The FAC alleges, among other things, that Leiasa Beckham assisted at least six non-profits to apply for government funding (grants) to purchase condominiums at the 1850 Bryant Street project in San Francisco—and that those non-profits received upward of \$100 million in funding. *See* FAC at 3:8-12, ¶¶ 16, 22. It is also alleged that Bryant Land induced these non-profits to apply for these funds in order to gain the San Francisco Planning Commission’s approval of the project—and that Bryant Land’s “scheme was to refuse to proceed with the sale of the condominiums to the nonprofit organizations” once the project was approved, and then seek to sell or lease the project to San Francisco. *See* FAC 2:2-11, 2:21-28.

Enclosed are declarations from Muttville, Goodwill of the San Francisco Bay, and Mission Neighborhood Centers, Inc.—three of the nonprofits specifically mentioned in the FAC. The nonprofits unequivocally confirm that they never obtained public money in connection with



Attorneys Hanagami, Ball, and Morrow
November 8, 2022
Page 2

the 1850 Bryant Street project. They also state that *it was the nonprofits* that ultimately decided not to move forward with the 1850 Bryant Street project.

These are nonprofits Beckham worked with in relation to the 1850 Bryant Street project. FAC ¶¶ 5, 16. So, Beckham either knew or should have known at the time this case and FAC were filed that these nonprofits received no funding, and that it was *their decision* not to move forward with the project—and that the allegations to the contrary are untrue. Moreover, a reasonable investigation would have revealed their falsity. Again, Beckham was working with these nonprofits, and had access to them. Bryant Land made a simple inquiry to obtain the attached declarations; the same information could have easily been obtained—and this simple inquiry should have been made on Beckham's behalf—before making levying serious *qui tam* accusations against Bryant Land.

In light of the enclosed declarations, the central theory of your client's case—that Bryant Land induced nonprofits to obtain public funding, and was engaged in a scheme to shut out nonprofits from the 1850 Bryant Street project as soon as they obtained funding and the Planning Commission approved the project—is not just flawed, but is demonstrably false.

We had hoped this lawsuit was the result of a simple mistake or understanding. It is our hope and expectation that you will take the easy steps necessary to remedy your error in light of the actual facts.

However, if the FAC is not withdrawn or corrected by November 29, 2022—to remove these false accusations—Bryant Land will file the enclosed motion for sanctions pursuant to Rule 11.

Very truly yours,

/s/ Andrew S. Elliott

Andrew S. Elliott

Attachments:

Rule 11 Motion for Sanctions and Declarations of Andrew S. Elliott, Muttville, Goodwill of the San Francisco Bay, and Mission Neighborhood Centers, Inc. in support thereof

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Case No. 3:21-cv-05742-RS
Hon. Richard Seeborg

**NOTICE OF MOTION AND MOTION
FOR SANCTIONS PURSUANT TO
FEDERAL RULE OF CIVIL
PROCEDURE 11; DECLARATIONS OF
ANDREW S. ELLIOTT;
DECLARATIONS OF MUTTVILLE,
GOODWILL OF THE SAN FRANCISCO
BAY, AND MISSION NEIGHBORHOOD
CENTERS, INC. IN SUPPORT THEREOF**

Date: January 5, 2023
Time: 1:30 p.m.
Ctm: 3 (17th Floor)
450 Golden Gate Avenue
San Francisco, CA 94102

1 **NOTICE OF MOTION AND MOTION FOR SANCTIONS**

2 PLEASE TAKE NOTICE that on January 5, 2023 at 1:30 p.m., or as soon thereafter as
 3 counsel may be heard, in Courtroom 3, of the above-entitled Court, located at 450 Golden Gate
 4 Avenue, San Francisco, CA 94102, defendants 1850 Bryant Land LLC, Christopher Paul Foley,
 5 and Douglas Ross (“Bryant Land”), will, and hereby do, move for sanctions against Plaintiff
 6 Leiasa Beckham (“Beckham”), and her counsel, William K. Hanagami, Bryon T. Ball, and
 7 Gregory J. Morrow, pursuant to Federal Rule of Civil Procedure, Rule 11.

8 This motion for sanctions is brought on the grounds that Beckham and her counsel made
 9 baseless allegations in the First Amended Complaint (“FAC”) filed in this action without first
 10 conducting a reasonable investigation. Bryant Land requests that the Court issue an order
 11 imposing sanctions on Beckham and her counsel in the form of all attorney’s fees and costs
 12 incurred by Bryant Land in litigating this case.

13 This Motion is based on this Notice of Motion and Motion, the accompanying
 14 Memorandum of Points and Authorities, the accompanying declarations of Sherri Franklin on
 15 behalf of Muttville, William Rogers on behalf of Goodwill of the San Francisco Bay, and
 16 Sebastian Alioto on behalf of Mission Neighborhood Centers, Inc., all other pleadings and records
 17 on file in this action, and any further briefs, evidence, authorities, or argument presented before or
 18 at the hearing of this Motion.

19 Pursuant to the “safe harbor” requirement of Rule 11(c)(2), Bryant Land served this
 20 Motion for Sanctions and supporting papers on Beckham’s counsel on November 8, 2022. *See*
 21 Elliott Decl. As Beckham and her counsel have failed to withdraw the FAC by November 29,
 22 2022—*i.e.*, more than 21 days after Defendants served Beckham with this Motion for Sanctions,
 23 Bryant Land now file this Motion with the Court pursuant to Rule 11(c)(2).

24 DATED: November 8, 2022

SEVERSON & WERSON
 A Professional Corporation

25 By: /s/ Andrew S. Elliott

26 ANDREW S. ELLIOTT

27 Attorneys for Defendants 1850 Bryant Land LLC,
 28 Christopher Paul Foley and Douglas Ross

MEMORANDUM OF POINTS AND AUTHORITIES

**I.
INTRODUCTION**

Sanctions should be awarded against Plaintiff-Relator Leiasa Beckham (“Beckham”) and her counsel pursuant to Rule 11 of the Federal Rules of Civil Procedure (“Rule 11”) and the Court’s inherent powers.

Beckham filed this qui tam action in which she claims Defendants 1850 Bryant Land LLC, Christopher Paul Foley, and Douglas Ross (collectively, “Bryant Land”) violated both the Federal and California False Claims Act. Beckham asserts Bryant Land pitched the development of 1850 Bryant Street in San Francisco as a nonprofit multi-tenant center project, and offered to sell condominiums at the project to nonprofit organizations—including Muttville, Goodwill of the San Francisco Bay, and Mission Neighborhood Centers, Inc.

Beckham claims she helped these nonprofits in applying for grants—and that the nonprofits did in fact “obtain[] grant funds” originating from the government to purchase condominiums at 1850 Bryant Street. FAC at 3:1-3. Beckham further alleges that Bryant Land intended that the nonprofits apply for and obtain these grant funds from the government so it could seek the Planning Commission’s approval of the project. But, Bryant Land had devised a “scheme [] to refuse to proceed with the sale of the condominiums” once the project was approved so it could then proceed with leasing or selling the building to San Francisco. *See* FAC [Dkt #21] at 2:23-24.

The problem is that these allegations, which are the crux of Beckham’s qui tam action, are false.

The declarations of Muttville, Goodwill of the San Francisco Bay, and Mission Neighborhood Centers, Inc.—which were purportedly assisted by Beckham—prove that these nonprofits *never received funds* to purchase condominiums at 1850 Bryant Street. And, more importantly, these nonprofits did not ultimately purchase condominiums because *they decided not to move forward with the project*—not because Bryant Land refused to sell as part of an alleged scheme to defraud.

1 It is clear that Beckham knew, or should have known, that the central theory of her case is
 2 false. And, had her counsel conducted a reasonable inquiry, they would have been alerted to this
 3 fact. The filing of this baseless action and insistence on pursuing it warrant an award of sanctions
 4 against Beckham and her counsel pursuant to Rule 11.

5 II.

6 LEGAL STANDARD

7 Rule 11(b) provides, in relevant part:

8 (b) By presenting to the court a pleading, written motion, or other paper...
 9 an attorney or unrepresented party certifies that to the best of the person's
 10 knowledge, information, and belief, formed after an inquiry reasonable
 under the circumstances:

11 (1) it is not being presented for any improper purpose, such as to
 12 harass, cause unnecessary delay, or needlessly increase the cost of
 litigation;

13 (2) the claims, defenses, and other legal contentions are warranted
 14 by existing law or by a nonfrivolous argument for extending,
 15 modifying, or reversing existing law or for establishing new law;
 [and]

16 (3) the factual contentions have evidentiary support or, if
 17 specifically so identified, will likely have evidentiary support after
 a reasonable opportunity for further investigation or discovery....

18 If, after notice and a reasonable opportunity to respond, the court
 19 determines that Rule 11(b) has been violated, the court may
 20 impose an appropriate sanction on any attorney, law firm, or party
 that violated the rule....

21 Rule 11 requires that “factual contentions have evidentiary support or, if specifically so
 22 identified, will likely have evidentiary support after a reasonable opportunity for further
 23 investigation or discovery.” Rule 11(b)(3). Rule 11 makes every signature on a pleading a
 24 certification of merits of the document signed and authorizes sanctions for violation of the
 25 certification. Fed. R. Civ. P. 11.

26 Rule 11 is designed to discourage wasteful, costly litigation battles by mandating imposition
 27 of sanctions when a lawyer’s position, after reasonable inquiry, will not support a reasonable belief
 28 that there is a sound basis in law or in fact for the position taken. *Golden Eagle Distrib. Corp. v.*

1 *Burroughs Corp.*, 801 F.2d 1531, 1538 (9th Cir. 1986).

2 Where, as here, a “complaint is the primary focus of Rule 11 proceedings, a district court
3 must conduct a two-prong inquiry to determine (1) whether the complaint is legally or factually
4 baseless from an objective perspective, and (2) if the attorney has conducted a reasonable and
5 competent inquiry before signing and filing it.” *Holgate v. Baldwin*, 425 F.3d 671, 676 (9th Cir.
6 2005) (citation omitted). Under this standard, a court must “examine whether counsel for
7 [Plaintiffs] had an adequate legal or factual basis for filing the complaint, and conducted an
8 adequate legal and factual investigation before signing and filing it.” (*Id.*) The Rule establishes an
9 objective approach for addressing frivolous filings and abuse of judicial procedures as a tool for
10 harassment and eliminating “pure-heart, empty head” justifications for patently frivolous claims.
11 *Flanagan v. Arnaiz*, 1999 U.S. App. LEXIS 32234, at *4 (9th Cir. 1999).

12 Thus, sanctions are proper “if [a] paper filed in district court and signed by an attorney . . .
13 is frivolous, legally unreasonable, or without factual foundation, even though the paper was not
14 filed in subjective bad faith.” *Zaldivar v. City of Los Angeles*, 780 F.2d 823, 830 (9th Cir. 1986),
15 abrogated on other grounds by *Cooter & Gell v. Hartmax Corp.*, 496 U.S. 384 (1990). Not all of
16 a complaint’s claims need be frivolous for Rule 11 sanctions to be appropriate. *Townsend v.*
17 *Holman Consulting Corp.*, 929 F.2d 1358, 1363 (9th Cir. 1990) (en banc).

18 The imposition of sanctions is a matter within the Court’s discretion. Fed. R. Civ. P. 11(c).
19 “If warranted, the court may award to the prevailing party the reasonable expenses, including
20 attorney’s fees, incurred for the motion.” Fed. R. Civ. P. 11(c)(2).

21 **III.**

22 **RELEVANT FACTS AND ALLEGATIONS**

23 The FAC relates to a development project in San Francisco known as 1850 Bryant Street.
24 Beckham claims Bryant Land promoted the project as a nonprofit multi-tenant center, and offered
25 to sell condominiums at the project to nonprofit groups. Beckham claims that with her assistance,
26 the nonprofits— including Goodwill, Mission Neighborhood Centers and Muttville—“appl[ied]
27 for and obtain[ed] grant funds” from the government “believing that they would purchase business
28 condominiums at [1850 Bryant Street].” FAC 3:1-5 and ¶¶ 5, 16.

1 Beckham claims Bryant Land induced the nonprofits to apply for and obtain these grants to
 2 obtain community support for the project—and, ultimately, the Planning Commission’s approval
 3 of the project. FAC at 2:2-11, 2:19-28, 3:1-7, ¶ 15. Beckham asserts that the nonprofits, including
 4 Goodwill, Mission Neighborhood Centers and Muttville, obtained more than \$100 million in
 5 government funding to purchase condominiums at 1850 Bryant Street. FAC 3:8-12 and ¶ 23.
 6 Once the Planning Commission approved the development, as part of its “scheme,” Bryant Land
 7 purportedly “refuse[d] to proceed with the sale of the condominiums to nonprofit organizations”
 8 because it had purportedly entered into a secret backroom deal to sell or lease the property to San
 9 Francisco. FAC 2:1-8, 2:21-24.

10 The allegations are false.

11 As the declarations submitted on behalf of Goodwill, Mission Neighborhood Centers and
 12 Muttville make clear, Bryant Land never “refuse[d] to proceed with the sale of the condominiums
 13 to nonprofit organizations,” as Beckham claims. *See* FAC 2:21-24. Rather, it was the nonprofits
 14 that ultimately decided not to move forward with the 1850 Bryant Street project.

15 Moreover, although Beckham claims these nonprofits received government funds to
 16 purchase a condominium at 1850 Bryant Street (FAC ¶ 23), the declarations make clear that
 17 Goodwill, Mission Neighborhood Centers and Muttville never received any public money in
 18 connection with the project.

19 Beckham and her counsel were served with a copy of this motion on November 8, 2022,
 20 and failed to withdraw or correct the FAC within the 21-day safe harbor period, which expired on
 21 November 29, 2022.

22 IV.

23 **BECKHAM AND HER COUNSEL SHOULD BE 24 SANCTIONED UNDER RULE 11**

25 **A. The FAC’s Qui Tam Theory Is Objectively Baseless**

26 Beckham’s FAC is baseless. This entire case is based on the theory that, because the
 27 original vision for the 1850 Bryant Street project changed, that change must have been the result
 28 of a massive scheme to defraud the government.

1 “The inquiry whether the complaint is factually baseless can be stated [as follows]: Would
2 a reasonable attorney have believed plaintiff’s complaint to be well-founded in fact based on what
3 a reasonable attorney would have known at the time?” *Willis v. City of Oakland*, 231 F.R.D. 597,
4 598 (N.D. Cal. 2005). The FAC contains no factual allegations to support its qui tam theory and
5 the assertions that Bryant Land defrauded anyone, much less the government, in connection with
6 the 1850 Bryant Street project. Indeed, it is supported by no more than Beckham’s speculations
7 and the bare conclusion that the vision must have changed *because of* a mass scheme to defraud.
8 No reasonable attorney could have believed that Beckham’s allegations were well-founded given
9 the conclusory, speculative nature of this suit.

10 Moreover, Beckham objectively should have known her claims were speculative and
11 baseless when she filed suit. She claims to have been involved with helping the nonprofits apply
12 for grant applications. She knew who these nonprofits were—and identifies a handful of them in
13 the FAC. FAC ¶ 16. So, Beckham knew or should have known that the nonprofits who were
14 originally interested in the 1850 Bryant Street project (specifically, Muttville, Goodwill of the San
15 Francisco Bay, and Mission Neighborhood Centers, Inc.) simply decided not to move forward
16 with the project—rather than being excluded from the project by Bryant Land as part of an alleged
17 “scheme to refuse to proceed with the sale of the condominiums to the nonprofit[s]” and instead
18 sell or lease the property to San Francisco. *Compare* Decls. of Muttville, Goodwill of the San
19 Francisco Bay, and Mission Neighborhood Centers, Inc. *with* FAC at 2:23-24, 7:6-8.

20 Similarly, in light of Beckham’s involvement with the nonprofits and their alleged grant
21 applications, she knew or should have known that the nonprofits (specifically, Muttville, Goodwill
22 of the San Francisco Bay, and Mission Neighborhood Centers, Inc.) never even received funds to
23 purchase a condominium at the 1850 Bryant Street project, as claimed. *Compare* Decls. of
24 Muttville, Goodwill of the San Francisco Bay, and Mission Neighborhood Centers, Inc. *with* FAC
25 at 3:8-12, ¶¶ 16, 20, 22, 23; *see also Patterson v. Alaska Airlines, Inc.*, 756 F. Supp. 476, 479-80
26 (W.D. Wash. 1990) (pleading was baseless where “Plaintiffs never had any factual basis for
27 believing that the statute of limitations was tolled” at the time they filed their complaint).

28 For this reason, the FAC’s filing—and Beckham’s reliance on a demonstrably false

1 theory—runs afoul of Rule 11.

2 **B. Beckham’s Counsel Did Not Conduct A Reasonable Inquiry**

3 In light of the above and the attached declarations, Beckham’s counsel could not have
4 conducted a reasonable inquiry before including the baseless allegations in the FAC. “The
5 reasonable inquiry test is meant to assist courts in discovering whether an attorney, after
6 conducting an objectively reasonable inquiry into the facts and law, would have found the
7 complaint to be well-founded.” *Holgate*, 425 F.3d at 677.

8 A competent inquiry would have revealed that this case’s central claims—that the
9 nonprofits all received government funds and were unable to purchase a condominium at 1850
10 Bryant Street because Bryant Land refused to sell the condominiums to them (as part of an alleged
11 scheme to defraud)—are baseless. Beckham worked with those nonprofits. If she did not have the
12 information in her actual possession about whether the nonprofits received funds and/or why they
13 did not move forward with purchasing a condominium, it was within her reach. Counsel could
14 have, and should have, inquired with at least the nonprofits specifically named in the FAC to vet
15 the veracity the serious qui tam claims levied against Bryant Land in this case.

16 The evidence shows, unequivocally, that at least half of the nonprofits mentioned in the
17 FAC never received any funding for 1850 Bryant Street and that it was *the nonprofits’ decision*
18 not to move forward with the 1850 Bryant Street project—not Bryant Land’s refusal as part of an
19 alleged scheme to defraud. *See* Decls. of Muttville, Goodwill of the San Francisco Bay, and
20 Mission Neighborhood Centers, Inc. The discovery of this evidence through normal investigative
21 techniques would have alerted Beckham’s counsel that the FAC’s allegations, and the entire
22 theory upon which this qui tam suit rests, are not well-founded.

23 Beckham’s counsel therefore failed to conduct a reasonable and competent inquiry. *See*
24 *Entm’t by J & J, Inc. v. Lee*, 126 F. App’x 797, 798 (9th Cir. 2005) (district court was justified in
25 imposing sanctions where plaintiff “acted recklessly by not fully investigating her claim”);
26 *Albright v. Upjohn Co.*, 788 F.2d 1217, 1221-22 (6th Cir. 1986) (sanctions appropriate where a
27 reasonable inquiry would have disclosed that a claim was not well-grounded in fact). This, too,
28 runs afoul of Rule 11.

V.

**THE COURT SHOULD IMPOSE SANCTIONS
ON BECKHAM AND HER COUNSEL**

In their effort to cobble together a qui tam claim, Beckham overreached. She lobbed frivolous allegations of mass government fraud at Bryant Land based on nothing more than speculation and a hope that she might discover something to support such a claim.

On November 8, 2022, Bryant Land served a copy of this motion on Beckham and her counsel, and offered them the opportunity to withdraw or correct the FAC. Beckham declined this safe harbor opportunity. *See* Elliott Decl., Fed. R. Civ. P. 11(c)(2).

Rule 11 sanctions are appropriate where, as here, a plaintiff's claims are "without evidentiary support and thus appear to have been instigated as a gamble that something might come of it rather than on the basis of the facts at hand." *Skidmore Energy, Inc. v. KPMG*, 455 F.3d 564, 568 (5th Cir. 2006). "While Rule 11 does not bar the courthouse door to people who have support for a complaint but need discovery to prove their complaint, the need for discovery does not excuse the filing of a vacuous complaint." *Scott v. City of Chicago*, 195 F.3d 950, 953 (7th Cir. 1999). Beckham and her counsel should be sanctioned by being ordered to compensate Bryant Land for their costs and fees incurred in litigating this matter. *See Islamic Shura Council*, 757 F.3d 870, 872-73 (9th Cir. 2014) (sanctions "compensate a party for the costs of enforcing the rule when the party taking the challenged position has refused to withdraw or correct it").

VI.

CONCLUSION

For the reasons set forth above, Bryant Land requests that the Court sanction Beckham and her counsel pursuant to Rule 11(c).

DATED: November 8, 2022

SEVERSON & WERSON
A Professional Corporation

By: /s/ Andrew S. Elliott
ANDREW S. ELLIOTT

Attorneys for Defendants 1850 Bryant Land LLC,
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EXHIBIT “A”

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10 Attorneys for Defendants 1850 Bryant Land LLC,
11 Christopher Paul Foley and Douglas Ross

12 UNITED STATES DISTRICT COURT

13 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION
14

15 UNITED STATES OF AMERICA, *ex rel.*
16 LEIASA BECKHAM, and STATE OF
CALIFORNIA, *ex rel.* LEIASA BECKHAM,

17 Plaintiff,

18 vs.

19 1850 BRYANT LAND LLC, KASLOFSKY
20 & ASSOCIATES LLC, THURSTON
KASLOFSKY, CHRISTOPHER PAUL
21 FOLEY, DOUGLAS ROSS, SAN
FRANCISCO COMMUNITY INVESTMENT
22 FUND, CITY AND COUNTY OF SAN
FRANCISCO, and NAOMI KELLY,

23 Defendant.
24

Case No. 3:21-cv-05742-RS
Hon. Richard Seeborg

**NOTICE OF MOTION AND MOTION
FOR SANCTIONS PURSUANT TO
FEDERAL RULE OF CIVIL
PROCEDURE 11; DECLARATIONS OF
ANDREW S. ELLIOTT;
DECLARATIONS OF MUTTVILLE,
GOODWILL OF THE SAN FRANCISCO
BAY, AND MISSION NEIGHBORHOOD
CENTERS, INC. IN SUPPORT THEREOF**

Date: January 5, 2023
Time: 1:30 p.m.
Ctm: 3 (17th Floor)
450 Golden Gate Avenue
San Francisco, CA 94102

1 **NOTICE OF MOTION AND MOTION FOR SANCTIONS**

2 PLEASE TAKE NOTICE that on January 5, 2023 at 1:30 p.m., or as soon thereafter as
3 counsel may be heard, in Courtroom 3, of the above-entitled Court, located at 450 Golden Gate
4 Avenue, San Francisco, CA 94102, defendants 1850 Bryant Land LLC, Christopher Paul Foley,
5 and Douglas Ross (“Bryant Land”), will, and hereby do, move for sanctions against Plaintiff
6 Leiasa Beckham (“Beckham”), and her counsel, William K. Hanagami, Bryon T. Ball, and
7 Gregory J. Morrow, pursuant to Federal Rule of Civil Procedure, Rule 11.

8 This motion for sanctions is brought on the grounds that Beckham and her counsel made
9 baseless allegations in the First Amended Complaint (“FAC”) filed in this action without first
10 conducting a reasonable investigation. Bryant Land requests that the Court issue an order
11 imposing sanctions on Beckham and her counsel in the form of all attorney’s fees and costs
12 incurred by Bryant Land in litigating this case.

13 This Motion is based on this Notice of Motion and Motion, the accompanying
14 Memorandum of Points and Authorities, the accompanying declarations of Sherri Franklin on
15 behalf of Muttville, William Rogers on behalf of Goodwill of the San Francisco Bay, and
16 Sebastian Alioto on behalf of Mission Neighborhood Centers, Inc., all other pleadings and records
17 on file in this action, and any further briefs, evidence, authorities, or argument presented before or
18 at the hearing of this Motion.

19 Pursuant to the “safe harbor” requirement of Rule 11(c)(2), Bryant Land served this
20 Motion for Sanctions and supporting papers on Beckham’s counsel on November 8, 2022. *See*
21 Elliott Decl. As Beckham and her counsel have failed to withdraw the FAC by November 29,
22 2022—*i.e.*, more than 21 days after Defendants served Beckham with this Motion for Sanctions,
23 Bryant Land now file this Motion with the Court pursuant to Rule 11(c)(2).

24 DATED: November 8, 2022

SEVERSON & WERSON
A Professional Corporation

25 By: /s/ Andrew S. Elliott

26 ANDREW S. ELLIOTT

27 Attorneys for Defendants 1850 Bryant Land LLC,
28 Christopher Paul Foley and Douglas Ross

MEMORANDUM OF POINTS AND AUTHORITIES

**I.
INTRODUCTION**

Sanctions should be awarded against Plaintiff-Relator Leiasa Beckham (“Beckham”) and her counsel pursuant to Rule 11 of the Federal Rules of Civil Procedure (“Rule 11”) and the Court’s inherent powers.

Beckham filed this qui tam action in which she claims Defendants 1850 Bryant Land LLC, Christopher Paul Foley, and Douglas Ross (collectively, “Bryant Land”) violated both the Federal and California False Claims Act. Beckham asserts Bryant Land pitched the development of 1850 Bryant Street in San Francisco as a nonprofit multi-tenant center project, and offered to sell condominiums at the project to nonprofit organizations—including Muttville, Goodwill of the San Francisco Bay, and Mission Neighborhood Centers, Inc.

Beckham claims she helped these nonprofits in applying for grants—and that the nonprofits did in fact “obtain[] grant funds” originating from the government to purchase condominiums at 1850 Bryant Street. FAC at 3:1-3. Beckham further alleges that Bryant Land intended that the nonprofits apply for and obtain these grant funds from the government so it could seek the Planning Commission’s approval of the project. But, Bryant Land had devised a “scheme [] to refuse to proceed with the sale of the condominiums” once the project was approved so it could then proceed with leasing or selling the building to San Francisco. *See* FAC [Dkt #21] at 2:23-24.

The problem is that these allegations, which are the crux of Beckham’s qui tam action, are false.

The declarations of Muttville, Goodwill of the San Francisco Bay, and Mission Neighborhood Centers, Inc.—which were purportedly assisted by Beckham—prove that these nonprofits *never received funds* to purchase condominiums at 1850 Bryant Street. And, more importantly, these nonprofits did not ultimately purchase condominiums because *they decided not to move forward with the project*—not because Bryant Land refused to sell as part of an alleged scheme to defraud.

1 It is clear that Beckham knew, or should have known, that the central theory of her case is
 2 false. And, had her counsel conducted a reasonable inquiry, they would have been alerted to this
 3 fact. The filing of this baseless action and insistence on pursuing it warrant an award of sanctions
 4 against Beckham and her counsel pursuant to Rule 11.

5 II.

6 LEGAL STANDARD

7 Rule 11(b) provides, in relevant part:

8 (b) By presenting to the court a pleading, written motion, or other paper...
 9 an attorney or unrepresented party certifies that to the best of the person's
 10 knowledge, information, and belief, formed after an inquiry reasonable
 under the circumstances:

11 (1) it is not being presented for any improper purpose, such as to
 12 harass, cause unnecessary delay, or needlessly increase the cost of
 litigation;

13 (2) the claims, defenses, and other legal contentions are warranted
 14 by existing law or by a nonfrivolous argument for extending,
 15 modifying, or reversing existing law or for establishing new law;
 [and]

16 (3) the factual contentions have evidentiary support or, if
 17 specifically so identified, will likely have evidentiary support after
 a reasonable opportunity for further investigation or discovery....

18 If, after notice and a reasonable opportunity to respond, the court
 19 determines that Rule 11(b) has been violated, the court may
 20 impose an appropriate sanction on any attorney, law firm, or party
 that violated the rule....

21 Rule 11 requires that “factual contentions have evidentiary support or, if specifically so
 22 identified, will likely have evidentiary support after a reasonable opportunity for further
 23 investigation or discovery.” Rule 11(b)(3). Rule 11 makes every signature on a pleading a
 24 certification of merits of the document signed and authorizes sanctions for violation of the
 25 certification. Fed. R. Civ. P. 11.

26 Rule 11 is designed to discourage wasteful, costly litigation battles by mandating imposition
 27 of sanctions when a lawyer’s position, after reasonable inquiry, will not support a reasonable belief
 28 that there is a sound basis in law or in fact for the position taken. *Golden Eagle Distrib. Corp. v.*

1 *Burroughs Corp.*, 801 F.2d 1531, 1538 (9th Cir. 1986).

2 Where, as here, a “complaint is the primary focus of Rule 11 proceedings, a district court
3 must conduct a two-prong inquiry to determine (1) whether the complaint is legally or factually
4 baseless from an objective perspective, and (2) if the attorney has conducted a reasonable and
5 competent inquiry before signing and filing it.” *Holgate v. Baldwin*, 425 F.3d 671, 676 (9th Cir.
6 2005) (citation omitted). Under this standard, a court must “examine whether counsel for
7 [Plaintiffs] had an adequate legal or factual basis for filing the complaint, and conducted an
8 adequate legal and factual investigation before signing and filing it.” (*Id.*) The Rule establishes an
9 objective approach for addressing frivolous filings and abuse of judicial procedures as a tool for
10 harassment and eliminating “pure-heart, empty head” justifications for patently frivolous claims.
11 *Flanagan v. Arnaiz*, 1999 U.S. App. LEXIS 32234, at *4 (9th Cir. 1999).

12 Thus, sanctions are proper “if [a] paper filed in district court and signed by an attorney . . .
13 is frivolous, legally unreasonable, or without factual foundation, even though the paper was not
14 filed in subjective bad faith.” *Zaldivar v. City of Los Angeles*, 780 F.2d 823, 830 (9th Cir. 1986),
15 abrogated on other grounds by *Cooter & Gell v. Hartmax Corp.*, 496 U.S. 384 (1990). Not all of
16 a complaint’s claims need be frivolous for Rule 11 sanctions to be appropriate. *Townsend v.*
17 *Holman Consulting Corp.*, 929 F.2d 1358, 1363 (9th Cir. 1990) (en banc).

18 The imposition of sanctions is a matter within the Court’s discretion. Fed. R. Civ. P. 11(c).
19 “If warranted, the court may award to the prevailing party the reasonable expenses, including
20 attorney’s fees, incurred for the motion.” Fed. R. Civ. P. 11(c)(2).

21 **III.**

22 **RELEVANT FACTS AND ALLEGATIONS**

23 The FAC relates to a development project in San Francisco known as 1850 Bryant Street.
24 Beckham claims Bryant Land promoted the project as a nonprofit multi-tenant center, and offered
25 to sell condominiums at the project to nonprofit groups. Beckham claims that with her assistance,
26 the nonprofits— including Goodwill, Mission Neighborhood Centers and Muttville—“appl[ied]
27 for and obtain[ed] grant funds” from the government “believing that they would purchase business
28 condominiums at [1850 Bryant Street].” FAC 3:1-5 and ¶¶ 5, 16.

1 Beckham claims Bryant Land induced the nonprofits to apply for and obtain these grants to
 2 obtain community support for the project—and, ultimately, the Planning Commission’s approval
 3 of the project. FAC at 2:2-11, 2:19-28, 3:1-7, ¶ 15. Beckham asserts that the nonprofits, including
 4 Goodwill, Mission Neighborhood Centers and Muttville, obtained more than \$100 million in
 5 government funding to purchase condominiums at 1850 Bryant Street. FAC 3:8-12 and ¶ 23.
 6 Once the Planning Commission approved the development, as part of its “scheme,” Bryant Land
 7 purportedly “refuse[d] to proceed with the sale of the condominiums to nonprofit organizations”
 8 because it had purportedly entered into a secret backroom deal to sell or lease the property to San
 9 Francisco. FAC 2:1-8, 2:21-24.

10 The allegations are false.

11 As the declarations submitted on behalf of Goodwill, Mission Neighborhood Centers and
 12 Muttville make clear, Bryant Land never “refuse[d] to proceed with the sale of the condominiums
 13 to nonprofit organizations,” as Beckham claims. *See* FAC 2:21-24. Rather, it was the nonprofits
 14 that ultimately decided not to move forward with the 1850 Bryant Street project.

15 Moreover, although Beckham claims these nonprofits received government funds to
 16 purchase a condominium at 1850 Bryant Street (FAC ¶ 23), the declarations make clear that
 17 Goodwill, Mission Neighborhood Centers and Muttville never received any public money in
 18 connection with the project.

19 Beckham and her counsel were served with a copy of this motion on November 8, 2022,
 20 and failed to withdraw or correct the FAC within the 21-day safe harbor period, which expired on
 21 November 29, 2022.

22 IV.

23 **BECKHAM AND HER COUNSEL SHOULD BE 24 SANCTIONED UNDER RULE 11**

25 **A. The FAC’s Qui Tam Theory Is Objectively Baseless**

26 Beckham’s FAC is baseless. This entire case is based on the theory that, because the
 27 original vision for the 1850 Bryant Street project changed, that change must have been the result
 28 of a massive scheme to defraud the government.

1 “The inquiry whether the complaint is factually baseless can be stated [as follows]: Would
2 a reasonable attorney have believed plaintiff’s complaint to be well-founded in fact based on what
3 a reasonable attorney would have known at the time?” *Willis v. City of Oakland*, 231 F.R.D. 597,
4 598 (N.D. Cal. 2005). The FAC contains no factual allegations to support its qui tam theory and
5 the assertions that Bryant Land defrauded anyone, much less the government, in connection with
6 the 1850 Bryant Street project. Indeed, it is supported by no more than Beckham’s speculations
7 and the bare conclusion that the vision must have changed *because of* a mass scheme to defraud.
8 No reasonable attorney could have believed that Beckham’s allegations were well-founded given
9 the conclusory, speculative nature of this suit.

10 Moreover, Beckham objectively should have known her claims were speculative and
11 baseless when she filed suit. She claims to have been involved with helping the nonprofits apply
12 for grant applications. She knew who these nonprofits were—and identifies a handful of them in
13 the FAC. FAC ¶ 16. So, Beckham knew or should have known that the nonprofits who were
14 originally interested in the 1850 Bryant Street project (specifically, Muttville, Goodwill of the San
15 Francisco Bay, and Mission Neighborhood Centers, Inc.) simply decided not to move forward
16 with the project—rather than being excluded from the project by Bryant Land as part of an alleged
17 “scheme to refuse to proceed with the sale of the condominiums to the nonprofit[s]” and instead
18 sell or lease the property to San Francisco. *Compare* Decls. of Muttville, Goodwill of the San
19 Francisco Bay, and Mission Neighborhood Centers, Inc. *with* FAC at 2:23-24, 7:6-8.

20 Similarly, in light of Beckham’s involvement with the nonprofits and their alleged grant
21 applications, she knew or should have known that the nonprofits (specifically, Muttville, Goodwill
22 of the San Francisco Bay, and Mission Neighborhood Centers, Inc.) never even received funds to
23 purchase a condominium at the 1850 Bryant Street project, as claimed. *Compare* Decls. of
24 Muttville, Goodwill of the San Francisco Bay, and Mission Neighborhood Centers, Inc. *with* FAC
25 at 3:8-12, ¶¶ 16, 20, 22, 23; *see also Patterson v. Alaska Airlines, Inc.*, 756 F. Supp. 476, 479-80
26 (W.D. Wash. 1990) (pleading was baseless where “Plaintiffs never had any factual basis for
27 believing that the statute of limitations was tolled” at the time they filed their complaint).

28 For this reason, the FAC’s filing—and Beckham’s reliance on a demonstrably false

1 theory—runs afoul of Rule 11.

2 **B. Beckham’s Counsel Did Not Conduct A Reasonable Inquiry**

3 In light of the above and the attached declarations, Beckham’s counsel could not have
4 conducted a reasonable inquiry before including the baseless allegations in the FAC. “The
5 reasonable inquiry test is meant to assist courts in discovering whether an attorney, after
6 conducting an objectively reasonable inquiry into the facts and law, would have found the
7 complaint to be well-founded.” *Holgate*, 425 F.3d at 677.

8 A competent inquiry would have revealed that this case’s central claims—that the
9 nonprofits all received government funds and were unable to purchase a condominium at 1850
10 Bryant Street because Bryant Land refused to sell the condominiums to them (as part of an alleged
11 scheme to defraud)—are baseless. Beckham worked with those nonprofits. If she did not have the
12 information in her actual possession about whether the nonprofits received funds and/or why they
13 did not move forward with purchasing a condominium, it was within her reach. Counsel could
14 have, and should have, inquired with at least the nonprofits specifically named in the FAC to vet
15 the veracity the serious qui tam claims levied against Bryant Land in this case.

16 The evidence shows, unequivocally, that at least half of the nonprofits mentioned in the
17 FAC never received any funding for 1850 Bryant Street and that it was *the nonprofits’ decision*
18 not to move forward with the 1850 Bryant Street project—not Bryant Land’s refusal as part of an
19 alleged scheme to defraud. *See* Decls. of Muttville, Goodwill of the San Francisco Bay, and
20 Mission Neighborhood Centers, Inc. The discovery of this evidence through normal investigative
21 techniques would have alerted Beckham’s counsel that the FAC’s allegations, and the entire
22 theory upon which this qui tam suit rests, are not well-founded.

23 Beckham’s counsel therefore failed to conduct a reasonable and competent inquiry. *See*
24 *Entm’t by J & J, Inc. v. Lee*, 126 F. App’x 797, 798 (9th Cir. 2005) (district court was justified in
25 imposing sanctions where plaintiff “acted recklessly by not fully investigating her claim”);
26 *Albright v. Upjohn Co.*, 788 F.2d 1217, 1221-22 (6th Cir. 1986) (sanctions appropriate where a
27 reasonable inquiry would have disclosed that a claim was not well-grounded in fact). This, too,
28 runs afoul of Rule 11.

V.

**THE COURT SHOULD IMPOSE SANCTIONS
ON BECKHAM AND HER COUNSEL**

In their effort to cobble together a qui tam claim, Beckham overreached. She lobbed frivolous allegations of mass government fraud at Bryant Land based on nothing more than speculation and a hope that she might discover something to support such a claim.

On November 8, 2022, Bryant Land served a copy of this motion on Beckham and her counsel, and offered them the opportunity to withdraw or correct the FAC. Beckham declined this safe harbor opportunity. *See* Elliott Decl., Fed. R. Civ. P. 11(c)(2).

Rule 11 sanctions are appropriate where, as here, a plaintiff's claims are "without evidentiary support and thus appear to have been instigated as a gamble that something might come of it rather than on the basis of the facts at hand." *Skidmore Energy, Inc. v. KPMG*, 455 F.3d 564, 568 (5th Cir. 2006). "While Rule 11 does not bar the courthouse door to people who have support for a complaint but need discovery to prove their complaint, the need for discovery does not excuse the filing of a vacuous complaint." *Scott v. City of Chicago*, 195 F.3d 950, 953 (7th Cir. 1999). Beckham and her counsel should be sanctioned by being ordered to compensate Bryant Land for their costs and fees incurred in litigating this matter. *See Islamic Shura Council*, 757 F.3d 870, 872-73 (9th Cir. 2014) (sanctions "compensate a party for the costs of enforcing the rule when the party taking the challenged position has refused to withdraw or correct it").

VI.

CONCLUSION

For the reasons set forth above, Bryant Land requests that the Court sanction Beckham and her counsel pursuant to Rule 11(c).

DATED: November 8, 2022

SEVERSON & WERSON
A Professional Corporation

By: /s/ Andrew S. Elliott
ANDREW S. ELLIOTT

Attorneys for Defendants 1850 Bryant Land LLC,
Christopher Paul Foley and Douglas Ross

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6 LLC, CHRISTOPHER PAUL FOLEY AND
DOUGLAS ROSS
7

8 UNITED STATES DISTRICT COURT

9 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION
10

11 UNITED STATES OF AMERICA, *ex rel.*
LEIASA BECKHAM, and STATE OF
12 CALIFORNIA, *ex rel.* LEIASA BECKHAM,

13 Plaintiff,

14 vs.

15 1850 BRYANT LAND LLC, KASLOFSKY
& ASSOCIATES LLC, THURSTON
16 KASLOFSKY, CHRISTOPHER PAUL
FOLEY, DOUGLAS ROSS, SAN
17 FRANCISCO COMMUNITY INVESTMENT
FUND, CITY AND COUNTY OF SAN
18 FRANCISCO, and NAOMI KELLY,

19 Defendant.
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Case No. 3:21-cv-05742-RS

Declaration of William Rogers

1 I, William Rogers, declare as follows:

2 1. I am the President and Chief Executive Officer at Goodwill of the San Francisco
3 Bay ("Goodwill"). I have been in this role since 2016. I have personal knowledge of the facts set
4 forth below and, if called upon to do so, I could and would testify competently about those facts.

5 2. On behalf of Goodwill, I discussed with 1850 Bryant Land, LLC the development
6 of a condominium project at 1850 Bryant Street, San Francisco, CA (the "1850 Bryant Project"),
7 whereby Goodwill would contribute capital to purchase its own condominium unit.

8 3. Goodwill ultimately decided not to move forward with the 1850 Bryant Project.

9 4. Goodwill never obtained or received grant funds or any other public money to
10 purchase its own condominium unit at or for the development of the 1850 Bryant Project.

11
12 I certify under penalty of perjury under the laws of the State of California that the
13 foregoing is true and correct. Executed at Oakland, California, on Sep 28, 2022.

14
15 

William Rogers (Sep 28, 2022 09:03 PDT)

16 William Rogers

17
18
19 5199092.1






1850 Bryant-Beckham - declaration (Goodwill Rogers declaration clean 09.26.2022)

Final Audit Report

2022-09-28

Created:	2022-09-26
By:	Michelle Elston (melston@sfgoodwill.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAA_f51tesJ6T4SEyKNI-wYMELTfEKrN844

"1850 Bryant-Beckham - declaration (Goodwill Rogers declaration clean 09.26.2022)" History

-  Document created by Michelle Elston (melston@sfgoodwill.org)
2022-09-26 - 10:50:21 PM GMT
-  Document emailed to William Rogers (wrogers@sfgoodwill.org) for signature
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-  Email viewed by William Rogers (wrogers@sfgoodwill.org)
2022-09-28 - 4:03:44 PM GMT
-  Document e-signed by William Rogers (wrogers@sfgoodwill.org)
Signature Date: 2022-09-28 - 4:03:59 PM GMT - Time Source: server
-  Agreement completed.
2022-09-28 - 4:03:59 PM GMT

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6 LLC, CHRISTOPHER PAUL FOLEY AND
DOUGLAS ROSS

8 UNITED STATES DISTRICT COURT

9 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

10
11 UNITED STATES OF AMERICA, *ex rel.*
LEIASA BECKHAM, and STATE OF
12 CALIFORNIA, *ex rel.* LEIASA BECKHAM,

13 Plaintiff,

14 vs.

15 1850 BRYANT LAND LLC, KASLOFSKY
& ASSOCIATES LLC, THURSTON
16 KASLOFSKY, CHRISTOPHER PAUL
FOLEY, DOUGLAS ROSS, SAN
17 FRANCISCO COMMUNITY INVESTMENT
FUND, CITY AND COUNTY OF SAN
18 FRANCISCO, and NAOMI KELLY,

19 Defendant.

Case No. 3:21-cv-05742-RS

Declaration of Sherri Franklin

1 I, Sherri Franklin, declare as follows:

2 1. I am the Chief Executive Officer at Muttville. I have been in this role since
3 January 1, 2007. I have personal knowledge of the facts set forth below and, if called upon to do
4 so, I could and would testify competently about those facts.

5 2. On behalf of Muttville, I was involved in the discussions with 1850 Bryant Land,
6 LLC to potentially partner in the development of a new construction community condominium
7 project located at 1850 Bryant Street, San Francisco, CA (the "1850 Bryant Project"), whereby
8 Muttville would contribute capital in effort to purchase its own condominium unit.

9 3. While Muttville and 1850 Bryant Land, LLC engaged in various discussions,
10 Muttville ultimately decided not to move forward with the 1850 Bryant Project. MNC does not
11 fault 1850 Bryant Land, LLC or its principals in connection with MNC's decision not to move
12 forward with the 1850 Bryant Project.

13 4. Muttville has never obtained grant funds or any other public money in connection
14 with the 1850 Bryant Project.

15
16 I certify under penalty of perjury under the laws of the State of California that the
17 foregoing is true and correct. Executed at San Francisco, California, on
18 10/5/2022.

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DocuSigned by:
Sherri Franklin
84F00FA4A62C459...

Sherri Franklin

Certificate Of Completion

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Sherri Franklin

muttmom1@gmail.com

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To contact us by email send messages to: info@severson.com

To advise Severson & Werson, P.C. of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at info@severson.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

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6 LLC, CHRISTOPHER PAUL FOLEY AND
DOUGLAS ROSS

8 UNITED STATES DISTRICT COURT

9 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

10
11 UNITED STATES OF AMERICA, *ex rel.*
LEIASA BECKHAM, and STATE OF
12 CALIFORNIA, *ex rel.* LEIASA BECKHAM,

13 Plaintiff,

14 vs.

15 1850 BRYANT LAND LLC, KASLOFSKY
& ASSOCIATES LLC, THURSTON
16 KASLOFSKY, CHRISTOPHER PAUL
FOLEY, DOUGLAS ROSS, SAN
17 FRANCISCO COMMUNITY INVESTMENT
FUND, CITY AND COUNTY OF SAN
18 FRANCISCO, and NAOMI KELLY,

19 Defendant.

Case No. 3:21-cv-05742-RS

Declaration of Sebastian Alioto

1 I, Sebastian Alioto, declare as follows:

2 1. I am the Chief Financial Officer at Mission Neighborhood Centers, Inc. ("MNC").

3 I have been the CFO since July 2018 and on the Board of MNC since 2007. I have personal
4 knowledge of the facts set forth below and, if called upon to do so, I could and would testify
5 competently about those facts.

6 2. On behalf of MNC, I was involved in the discussions with 1850 Bryant Land, LLC
7 to potentially partner in the development of a new construction community condominium project
8 located at 1850 Bryant Street, San Francisco, CA (the "1850 Bryant Project"), whereby MNC
9 would contribute capital in effort to purchase its own condominium unit.

10 3. While MNC and 1850 Bryant Land, LLC engaged in various discussions, MNC
11 ultimately decided not to move forward with the 1850 Bryant Project. MNC does not fault 1850
12 Bryant Land, LLC or its principals in connection with MNC's decision not to move forward with
13 the 1850 Bryant Project.

14 4. MNC has never obtained grant funds or any other public money in connection with
15 the 1850 Bryant Project. MNC did, however, receive grant funds around the same time it was
16 analyzing whether to participate in the 1850 Bryant Project. Those grant funds were transferred to
17 another project and were not used in connection with the 1850 Bryant Project.

18
19 I certify under penalty of perjury under the laws of the State of California that the
20 foregoing is true and correct. Executed at San Francisco, California, on October 18, 2022.

21 DocuSigned by:

22 *Sebastian Alioto*

23 C1BB5BEB8563412...

24 Sebastian Alioto